

INTERNATIONAL SHOE Co.

MANUFACTURERS

1501-1509 Washington Avenue

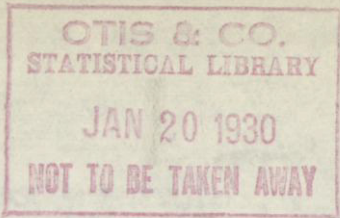
St. Louis, Mo.

November 30, 1929

BOARDS

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OFFICERS

FRANK C. RAND	President
WILLIAM H. MOULTON	Vice-President
HORTON WATKINS	Vice-President
JAMES T. PETTUS	Vice-President
THEODORE MORENO	Vice-President
ANDREW W. JOHNSON	Vice-President
EDWIN H. PETERS	Vice-President
PAUL B. JAMISON	Vice-President
C. D. P. HAMILTON	Vice-President
F. AUGUST SUDHOLT	Treasurer
BYRON A. GRAY	Secretary and Auditor
WILLIAM N. SITTON	Assistant Treasurer
ALBERT H. JENKINS	Assistant Secretary

OTIS & CO. STATISTICAL LIBRARY

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PAUL B. JAMISON	WILLIAM N. SITTON
H. EDGAR JENKINS	F. AUGUST SUDHOLT
ANDREW W. JOHNSON	SAMUEL M. TIPTON
THEODORE MORENO	GRIFFIN WATKINS
WILLIAM H. MOULTON	HORTON WATKINS

December 30th, 1929.

TO OUR STOCKHOLDERS:

Financial report showing the results of the International Shoe Company's operation for the fiscal year ended November 30th, 1929, is enclosed herewith.

The Company's net sales to customers for the fiscal year ended November 30th, 1929, were \$132,110,129.80, an increase of \$9,415,597.79 over last year. Our forty-four factories produced 54,730,685 pairs of shoes—an increase of 6,034,315 pairs over 1928. Subsidiary plants (textile mill, tanneries of sole leather and upper leather, factories making all leather counters, heels and soles, rubber heels and soles, welting, box toes, cartons and containers, chemicals, cement, etc.) produced during 1929 shoe materials and shoe supplies amounting to \$72,852,507.46, which, combined with our sales, made an aggregate of \$204,962,637.26 business transacted.

Net earnings (after taxes) for the fiscal year were \$17,031,434.58—an increase of \$1,269,658.65 over last year. These earnings represent (after the payment of Preferred Stock dividends) a return of \$4.37 per share on the outstanding Common Stock. Dividends set aside for January 1st, 1930, are on the basis of \$3.00 per share per year as compared with \$2.50 per share for 1929.

On September 12th the Common Stock (3,760,000 shares) of International Shoe Company was listed on the New York Stock Exchange.

The gain of \$9,415,597.79 in shipments does not fully reflect the increased distribution of our shoes, which were sold at substantially lower prices than last year. Had this year's shipments been billed at the previous year's prices we would have shown a gain in excess of \$18,000,000.00.

While this larger sale and wider distribution of our shoes enabled us to make for extended periods during the year more than 200,000 pairs of shoes per day, it seemed desirable to strengthen our manufacturing capacity. Additional floor space erected at Washington, Missouri, and Flora, Illinois, provided increased daily production of 1000 pairs and 1800 pairs respectively. A shoe factory at Quincy, Illinois, was purchased, remodeled and equipped—thereby adding 4000 pairs per day to International output.

The textile mill at Malvern, Arkansas, where our linings are made, is in full operation and is producing fabrics of uniform and superior quality. Two large additions to the upper leather tannery at Wood River, Illinois, complete that group of tanneries and are furnishing to our shoe factories a well balanced supply of side leathers.

An addition has been made to the rubber plant at Hannibal and plans are being prepared for further expansion in the production of rubber soles and rubber heels, in order more nearly to meet our requirements.

Inventories show the substantial reduction of \$6,198,209.60 compared with those of November 30th, 1928. This not only reflects a healthy condition at this time but gives assurance of uniform production for 1930.

With a fixed determination to intensify an aggressive sales policy, National Advertising of International shoes was deemed necessary—advertising plans were carefully worked out and contracts made, and advertisements were begun about June 1st. These ads are dignified in form, informative in reading matter and are intended to convey to our customers and to the consuming public not only some knowledge about the quality and types of International shoes but also an intimate story of the Company's history—its ideals and its hope to make distribution easier for the large number of merchants who handle our shoes.

This year has set a new high peak in volume of sales and in volume of production. Nineteen Twenty Nine began rather unfavorably, but adverse conditions were met with renewed energy and closer application—resulting in the most progressive and successful year in the Company's history.

We review these results in a spirit of gratitude and a stronger faith in the sound principles that control our operations. The future looks bright and we begin 1930 with confidence that it will produce a steady and healthy flow of business.

Respectfully submitted,

INTERNATIONAL SHOE COMPANY,

Frank O. Rand

President.

INTERNATIONAL

CONSOLIDATED

As at Novem

ASSETS

CURRENT ASSETS:

Cash in Banks and on Hand.....	\$	18,963,673.54
Brokers Collateral Loans, secured by Listed Marketable Securities.....		8,500,000.00
Accounts Receivable:		
Customers, less Reserve for Discounts and Doubtful Accounts.....	\$	20,783,521.13
Salesmen's Traveling Advances and Sundry Accounts.....		144,763.44
		<u>20,928,284.57</u>
Inventories at Cost or Market whichever lower:		
Manufactured Merchandise.....		10,327,694.60
Raw Materials, Merchandise in Process, and Supplies.....		18,656,831.11
		<u>28,984,525.71</u>
TOTAL CURRENT ASSETS:.....		77,376,483.82
Employees Notes Receivable, secured by 165,489 shares of Common Stock.....		5,601,886.03
Expenses Paid in Advance—Insurance Premiums, Taxes, and Other Deferred Charges to Operations.....		402,218.34
Investments in Stocks and Bonds of Other Companies, Etc.....		300,125.95
Physical Properties at Tanneries, Shoe Factories, Supply Departments, and Sales Branches (Based on Appraisal as of April 30, 1925, plus subsequent additions at cost):		
Land and Water Rights.....		1,768,834.96
Buildings and Structures.....		21,881,144.53
Machinery and Equipment.....		17,961,799.89
Lasts, Patterns and Dies.....		1.00
		<u>41,611,780.38</u>
Less—Reserve for Depreciation.....		<u>13,919,558.44</u>
Net Depreciated Sound Value of Physical Properties.....		27,692,221.94
TOTAL.....	\$	<u>111,372,936.08</u>

SHOE COMPANY

BALANCE SHEET

er 30, 1929

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable for Merchandise, Expenses, and Payrolls.....	\$ 2,927,805.51
Officers and Employees Balances and Deposits.....	473,085.55
TOTAL.....	3,400,891.06
Reserve for Income Taxes.....	2,175,000.00
TOTAL CURRENT LIABILITIES.....	5,575,891.06
Reserve for Dividends on Preferred Stock.....	50,000.00
Insurance Reserves.....	389,914.47

CAPITAL STOCK:

Preferred—6% Cumulative:

Authorized 250,000 shares of \$100.00 each, whereof Outstanding—	
100,000 shares.....	\$ 10,000,000.00

Common Stock:

Authorized 4,000,000 shares without nominal or par value, whereof Issued and Outstanding—	
3,760,000 shares.....	75,200,000.00
Surplus.....	20,157,130.55
TOTAL CAPITAL AND SURPLUS.....	105,357,130.55

Contingent Liabilities—None.

TOTAL.....	<u><u>\$ 111,372,936.08</u></u>
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INTERNATIONAL SHOE COMPANY

INCOME ACCOUNT

For the year ended November 30, 1929

Net Sales of Shoes and Other Manufactured Merchandise, after deduction of Returns and Allowances for Prepayments.....	\$132,110,129.80	
Cost of Shoes and Merchandise Sold, after charging Operating Expenses, Maintenance of Physical Properties, Selling, Administrative, and Warehouse Expenses, and Credit Losses, less Discount on Purchases.....	\$112,926,442.91	
Depreciation of Physical Properties.....	1,551,633.35	114,478,076.26
NET OPERATING PROFIT.....	\$	17,632,053.54
Miscellaneous Income.....		1,575,913.28
NET EARNINGS.....		19,207,966.82
Provision for Income Taxes.....		2,176,532.24
NET INCOME FOR YEAR.....	\$	17,031,434.58

COMMON STOCKHOLDERS EQUITY ACCOUNT

Net Income, for year ended November 30, 1929.....	\$	17,031,434.58
Deduct—Dividends Paid:		
Preferred Stock—\$6.00 per share.....	\$	600,000.00
Common Stock—2.50 per share.....	9,400,000.00	10,000,000.00
Excess of Net Income over Dividends.....		7,031,434.58
Equity of Common Stockholders at November 30, 1928, against which 3,760,000 shares without nominal or par value were outstanding.....	\$	88,325,695.97
Equity of Common Stockholders (3,760,000 shares) at November 30, 1929.....	\$	95,357,130.55
Divided as Follows:		
Common Stock Capital.....	\$	75,200,000.00
Surplus.....	20,157,130.55	\$ 95,357,130.55

PEAT, MARWICK, MITCHELL & CO.
ACCOUNTANTS AND AUDITORS

CERTIFICATE OF AUDITORS

ST. LOUIS, MO., December 24, 1929.

We have audited the books and accounts of the International Shoe Company and Subsidiaries, for the year ended November 30, 1929, and certify that the accompanying Balance Sheet and Income Account have been prepared therefrom and, in our opinion, correctly present the financial position of the Company at November 30, 1929, and the results of its operations for the year then ended.

The cash and bank balances, and notes and securities owned have been verified by count or inspection or by certificates obtained from the depositories. We have satisfied ourselves that adequate provision has been made for doubtful accounts receivable.

The quantities and valuation of the inventories of manufactured merchandise, raw materials, and supplies, prepared by the Companies, have been certified to be correct by responsible officials. We have satisfied ourselves that the valuation was made on the basis of cost or market price, whichever was the lower.

All ascertained liabilities have been included in the accounts.

The physical properties are stated in accordance with the sound value thereof as determined by the American Appraisal Company as at April 30, 1925, plus subsequent additions at cost and after deduction of depreciation. Adequate charges against operations of the year under review have been made in respect of depreciation and maintenance of physical properties.

PEAT, MARWICK, MITCHELL & CO.

SALES BRANCHES

ST. LOUIS

Roberts, Johnson & Rand
Peters
Friedman-Shelby
Continental Shoemakers
Midvale Shoe Co.
Pennant Shoe Co.
Vitality Shoe Co.

NEW YORK

Morse & Rogers

BOSTON

Hutchinson-Winch

MANCHESTER, N. H.

Great Northern Shoe Co.
Interstate Shoe Co.

SHOE FACTORIES AND SUPPLY DEPARTMENTS

MISSOURI

St. Louis
Hickory St. & Mississippi Ave.
Broadway, Cherokee St. & Lemp Ave.
St. Louis & Jefferson Aves.
Thirteenth & Mullanphy Sts.
Twelfth & North Market Sts.
Jefferson Ave. & Madison St.
Glasgow Ave. & North Market St.
3417 Locust St.
1324 Washington Ave.
Bland
Cape Girardeau
Chamois
De Soto
Hannibal
Seventh & Collier Sts.
S. W. Cor. Maple Ave. & Collier St.
S. E. Cor. Maple Ave. & Collier St.
Hermann
Higginsville
Jackson
Jefferson City
Bolivar & McCarty Sts.
Main & Linn Sts.
Kirksville
Marshall
Mexico
Perryville
St. Charles
St. Clair
Sikeston
Sullivan
Sweet Springs
Washington

ILLINOIS

Belleville
Chester
Evansville
Flora
Jerseyville
Mt. Vernon
Olney
Pittsfield
Quincy
Springfield
Steeleville

NEW HAMPSHIRE

Claremont
Keene
Manchester
Merrimack
Nashua
Newport

KENTUCKY

Paducah

ARKANSAS

Malvern

TANNERIES

ILLINOIS

South Wood River

MISSOURI

St. Louis
Thirteenth & Mullanphy Sts.

NEW HAMPSHIRE

Manchester

NORTH CAROLINA

Morganton
North Wilkesboro

PENNSYLVANIA

Mt. Jewett
Philadelphia
St. Marys

